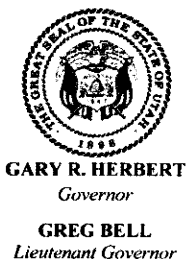


OK



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

Permit Number:	C0150025
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, March 16, 2011
Start Date/Time:	3/16/2011 8:00:00 AM
End Date/Time:	3/16/2011 1:00:00 PM
Last Inspection:	Wednesday, February 09, 2011

Representatives Present During the Inspection:

OGM Karl Houskeeper

Inspector: Karl Houskeeper.

Weather: Overcast, Temp. 43 Deg. F.

InspectionID Report Number: 2682

Accepted by: jhelfric

3/17/2011

Permitee: **CASTLE VALLEY MINING LLC**

Operator: **CASTLE VALLEY MINING LLC**

Site: **BEAR CANYON MINE**

Address: **2352 NORTH 7TH STREET, UNIT B, GRAND JUNCTION CO 81501**

County: **EMERY**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

Current Acreages

10,991.83	Total Permitted
40.46	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☒ Federal
☐ State
☐ County
☒ Fee
☐ Other

Types of Operations

- ☒ Underground
☐ Surface
☐ Loadout
☐ Processing
☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Jaren Jorgensen was underground. Met with Kenny Defay. Found needed paper work information in engineering office. Kenny Defay was present for the field inspection.

RECEIVED

MAR 30 2011

DIV. OF OIL, GAS & MINING

Inspector's Signature:

Karl R. Houskeeper

Date

Wednesday, March 16, 2011

Karl Houskeeper,

Inspector ID Number: 49

Note: This inspection report does not constitute an official record of the Division of Oil, Gas and Mining. telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



Permit Number: C0150025
 Inspection Type: COMPLETE
 Inspection Date: Wednesday, March 16, 2011

Inspection Continuation Sheet

Page 2 of 4

REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The current DOGM permit C/015/0025 on file was issued effective 12/16/2010 and expires 11/02/2015 to Castle Valley Mining LLC.

-Certificate of Insurance policy number GL0936045 through National Union Fire Ins Co., issued 12/01/2010 and terminates 06/01/2012.

-UPDES permit # UTG040000(UTG040006) effective 08/01/2008 and expires @ midnight 04/30/2013. Permit transferred to Castle Valley Mining LLC. On 08/25/2010.

-Air Quality permit DAQE-145-02, issued February 22, 2002. Permit transferred to Castle Valley Mining LLC 09/20/2010.

-SPCC Plan dated January 2011. The Plan is P.E. certified, stamped, signed and dated by a Utah P.E on 01/25/20101.

2. Signs and Markers

A new mine identification sign is posted at the point of public access to the permit. The new sign shows Caste Valley Mining L.L.C. with there phone number and address.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The last pond inspections recorded are for the fourth quarter 2010. The inspections were done on 12/14/2010. The last certified inspection were dated 04/24/2010 done in 2bd quarter 2010. A certified inspection for sediment pond A was reviewed. This pond was re-certified due to it being cleaned. The certified inspection was done on 01/24/2011 and certified on 02/04/2011.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports for January and February 2011 were reviewed. No parameters exceeded the threshold limits.

8. Noncoal Waste

Items of noncoal waste were observed on the ground adjacent to the noncoal waste storage container. The items need to be gathered and placed in the container.

14. Subsidence Control

Reviewed subsidence information. The information has been recently been collected and placed in report form. No map was available to ascertain the locations in coordination to the mine workings.

16.a Roads: Construction, Maintenance, Surfacing

Recent warming of the climate has caused melting and this has made the main access road to the portals muddy. The road has been graded. Recent gravel placed on the road has been removed by grading. When the roads dry the roads will need to be re-dressed and graveled as needed.

The main road leaving the scale house has powered dust/dirt on top of the asphalt. This is causing some liberation of the dust particles into the air as the coal haulage trucks leave the scales and traverse the road upon their exit. The material should be removed or watered to reduce the opacity produced as the coal haul trucks travel the exit road.

20. Air Quality Permit

The air permit DAQE-GN0102400005-10 was transferred into Castle Valley Mining LLC. Name on 09/20/2010.

21. Bonding and Insurance

Surety Bond # 929518448 is posted in the amount of \$1,830,000 for Castle Valley Mining LLC.